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Financing of the activities arising from Security Council resolution 1863 (2009)

Budget performance for the period from 1 July 2016 to 30 June 2017 and proposed budget for the period from 1 July 2018 to 30 June 2019 for the United Nations Support Office in Somalia

Report of the Advisory Committee on Administrative and Budgetary Questions

Appropriation for 2016/17	$574,304,900
Expenditure for 2016/17	$570,234,800
Unencumbered balance for 2016/17	$4,070,100
Appropriation for 2017/18	$582,000,000
Projected expenditure for 2017/18[a]	$582,000,000
Projected underexpenditure for 2017/18	$0
Proposal submitted by the Secretary-General for 2018/19	$568,744,000
Adjustment recommended by the Advisory Committee for 2018/19	($2,591,700)
Recommendation of the Advisory Committee for 2018/19	$566,152,300

[a] Estimates as at 31 January 2018

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I. Introduction

1. During its consideration of the financing of the United Nations Support Office in Somalia (UNSOS), the Advisory Committee on Administrative and Budgetary Questions met with representatives of the Secretary-General, who provided additional information and clarification, concluding with written responses received on 17 April 2018. The documents reviewed and those used for background by the Committee are listed at the end of the present report. The comments and recommendations of the Committee on cross-cutting issues related to peacekeeping operations, including those pertaining to the findings and recommendations of the Board of Auditors on the United Nations peacekeeping operations for the period from 1 July 2016 to 30 June 2017, can be found in its related report (A/72/789). The main observations and recommendations of the Board pertaining specifically to UNSOS are discussed in paragraph 4 below.

II. Budget performance report for the period from 1 July 2016 to 30 June 2017

2. By its resolution 70/285, the General Assembly appropriated an amount of $574,304,900 gross ($569,408,200 net) for the maintenance of UNSOS for the period from 1 July 2016 to 30 June 2017. Expenditures for the period totalled $570,234,800 gross ($564,649,400 net), reflecting a budget implementation rate of 99.3 per cent. The resulting unencumbered balance of $4,070,100, in gross terms, represents 0.7 per cent of the appropriation, reflecting the combined effect of: (a) lower-than-budgeted expenditures under operational costs ($20,321,200, or 5.6 per cent); and (b) higher-than-budgeted expenditures under military and police personnel ($9,655,800, or 6.4 per cent) and civilian personnel ($6,595,300, or 11.3 per cent). A detailed analysis of variances is provided in section IV of the report of the Secretary-General on the budget performance of UNSOS for the period from 1 July 2016 to 30 June 2017 (A/72/650).

3. The budget performance report indicates that during the 2016/17 period, a total amount of $16.3 million was redeployed from group III, operational costs to: (a) group I, military and police personnel ($9.7 million); and (b) group II, civilian personnel ($6.6 million) (see A/72/650, para. 43). The comments of the Advisory Committee on the information presented in the performance report on individual objects of expenditure can be found, where relevant, in the discussion of the proposed budget for the period from 1 July 2018 to 30 June 2019 (A/72/763) in section IV below.

4. In considering the reports of the Secretary-General on the financing of UNSOS, the Advisory Committee also had before it the report of the Board of Auditors on the accounts of the United Nations peacekeeping operations for the financial period ended 30 June 2017 (A/72/5 (Vol. II), chap. II). In its report, the Board made observations and recommendations pertaining to UNSOS on the following matters: (a) continued redeployment of resources to consultants (ibid., para. 69; see also paras. 33–34 below); (b) procurement (ibid., paras. 170–181; see also paras. 5–6 below); (c) non-compliant travel requests (ibid., para. 326 and table II.16); (d) fuel consumption and theft (ibid., paras. 362–369; see paras. 40–41 below); (e) absence of a comprehensive and tested information and communications technology disaster recovery plan (ibid., paras. 415–419); (f) non-establishment of procedures for monitoring environmental activities and operations (ibid., paras. 437 and 440–441; see paras. 46–47 below); and (g) procurement of medical supplies (ibid., para. 452–456; see para. 44 below). **The Advisory Committee trusts that UNSOS will implement the recommendations of the Board of Auditors expeditiously.**

Procurement audit requested by the Advisory Committee

5. The Advisory Committee requested the Board of Auditors, during its audit for the financial period ended 30 June 2017, to focus on the procurement contracts of UNSOS for the financial periods 2015/16 and 2016/17, including the amended rations contract, the medical contract and the Office's outsourcing through the use of consultants, individual contractors and personnel contracted through third parties (see A/71/836/Add.6, para. 27). Concerning the amended rations contract and the outsourcing activities, the Committee requested and received additional information, which is discussed in paragraphs 18 to 20 and 34 to 37 below.

6. The report of the Board of Auditors has identified a few issues, such as: (a) 29 purchase orders (2 per cent of all orders placed) amounting to $12.9 million were approved by the procurement officers without the prior consent of the local committee on contracts or the Headquarters Committee on Contracts; (b) 10 cases (11 per cent) of inadequate compliance with timelines and inconsistent application of evaluation criteria (best value for money); and (c) procurement of medical supplies and drugs that were not on the lists required by the African Union Mission in Somalia (AMISOM) (A/72/5 (Vol. II), chap. II, paras. 170–181). It is indicated by the Board that UNSOS has accepted the recommendations of the Board. **The Advisory Committee shares the view of the Board of Auditors that UNSOS needs to strengthen internal controls and enforce accountability over procurement and contract management.**

III. Information on performance for the current period

7. With respect to current and projected expenditures for the period from 1 July 2017 to 30 June 2018, the Advisory Committee was informed that, as at 31 January 2018, expenditures amounted to $424,089,100. At the end of the current financial period, the estimated total expenditures would equal the appropriation of $582,000,000, resulting in a projected full utilization of the approved budget.

8. The Advisory Committee was provided with information on the incumbency of UNSOS and AMISOM uniformed and civilian personnel as at 31 January 2018, as follows:

Category of personnel	*Posts authorized/approved 2017/18[a]*	*Posts encumbered*	*Vacancy rate (percentage)*
Military and police personnel			
United Nations military contingent personnel	70	43	38.6
AMISOM military contingent personnel	21 586	20 543	4.8
AMISOM police personnel	120	140	(16.7)
AMISOM formed police unit personnel	420	300	28.6
Civilian personnel			
Posts			
International staff	344	304	11.6
National Professional Officers	38	29	23.7
National General Service staff	151	130	13.9
United Nations Volunteers	20	20	–
Government-provided personnel	6	6	–

[a] Represents the highest authorized strength for military and police personnel and the number of approved posts for civilian personnel.

9. The Advisory Committee was informed that, as at 28 February 2018, a total of $3,952,061,000 had been assessed on Member States in respect of UNSOS since its inception. Payments received as at the same date amounted to $3,711,687,000, leaving an outstanding balance of $240,374,000. As at 26 February 2018, the cash available to UNSOS amounted to $91,755,000, which is insufficient to cover the three-month operating reserve of $150,553,000 (excluding reimbursements to troop- and police-contributing countries). **The Committee recalls that the General Assembly has repeatedly urged all Member States to pay their assessed contributions on time, in full and without conditions (see resolution 70/247).**

10. The Advisory Committee was also informed that all claims for the reimbursement of troop costs had been settled up to 31 October 2017, leaving an outstanding balance of $117,000 as at 31 December 2017. Contingent-owned equipment had been certified and paid up to 30 September 2017, leaving an outstanding balance of $71,093,000 as at 31 December 2017.

IV. Proposed budget for the period from 1 July 2018 to 30 June 2019

A. Mandate and planning assumptions

11. The mandate of UNSOS was established by the Security Council in its resolution 1863 (2009). The most recent extension of the mandate, until 31 May 2018, was approved by the Council in its resolution 2372 (2017) dated 30 August 2017. In that resolution, the Council, inter alia: (a) welcomed the recommendation of the joint African Union-United Nations review of AMISOM for a gradual and phased reduction and reorganization of the Mission's uniformed personnel in order to provide a greater support role to the Somali security forces as they progressively took the lead for security in Somalia; (b) decided to reduce the level of uniformed AMISOM personnel to a maximum level of 21,626 by 31 December 2017, to include a minimum of 1,040 AMISOM police personnel, including five formed police units, with a further reduction of uniformed personnel to 20,626 by 30 October 2018, unless the Council decided to accelerate the pace of the reduction.

12. In its resolution 2372 (2017), the Security Council also requested the Secretary-General to conduct a comprehensive assessment of AMISOM by 15 April 2018, working closely with the African Union and the Federal Government of Somalia, and to make recommendations on the progressive transition from AMISOM to Somali security responsibility. With respect to a strategic review of UNSOS, upon enquiry, the Advisory Committee was informed that the review for UNSOS was scheduled to take place following the joint African Union-United Nations assessment of AMISOM in the middle of 2018, with any outcomes to inform the development of the 2019/20 budget.

13. The main priorities and planning assumptions of UNSOS for the 2018/19 period are summarized in paragraphs 6 to 22 of the report of the Secretary-General on the proposed budget for UNSOS for 2018/19 (A/72/763).

B. Resource requirements

14. The proposed budget for UNSOS for the period from 1 July 2018 to 30 June 2019 amounts to $568,744,000, representing a decrease of $13,256,000, or 2.3 per cent, compared with the appropriation for 2017/18. This reflects the combined effect of proposed decreases under military and police personnel ($5,573,300, or 3.3 per

cent) and operational costs ($24,521,500, or 7 per cent), offset in part by proposed increases under civilian personnel ($16,838,800, or 28 per cent). Detailed information on the financial resources proposed and an analysis of variances are provided in sections II and III of the proposed budget (ibid.).

1. Military and police personnel

Category	*Authorized 2017/18*[a]	*Proposed 2018/19*[b]	*Variance*
United Nations military contingent personnel	70	70	–
AMISOM military contingent personnel	21 586	20 586	(1 000)
AMISOM police personnel	120	200	80
AMISOM formed police unit personnel	420	840	420

[a] Represents the highest level of authorized strength.

[b] The Security Council, in its resolution 2372 (2017) of 30 August 2017, reduced the level of uniformed AMISOM personnel to a maximum level of 21,626 by 31 December 2017, to include a minimum of 1,040 AMISOM police personnel, including five formed police units, with a further reduction of uniformed personnel to 20,626 by 30 October 2018 (see A/72/763, Summary, footnote (b)).

15. The Secretary-General indicates that the budget for the 2018/19 period provides for 21,626 uniformed personnel from 1 July to 31 October 2018 and for 20,626 personnel from 1 November 2018 to 30 June 2019 (see also para. 11 above). The Secretary-General also indicates that the reduction will be spread across the contingents and that there will be no reduction in contingent-owned equipment in the 2018/19 period (A/72/763, para. 8).

16. The proposed resources for military and police personnel for 2018/19 amount to $165,770,000, reflecting a decrease of $5,573,300, or 3.3 per cent, compared with the appropriation for 2017/18. The decrease reflects reductions under military contingents ($9.4 million, or 5.6 per cent), offset in part by increases under: (a) AMISOM formed police unit personnel, owing mainly to the phased deployment of an additional three formed police units (420 personnel) ($3.7 million, or 93.2 per cent); and (b) AMISOM police personnel, attributable mainly to the phased deployment of an additional 80 personnel ($0.1 million, or 72.8 per cent) (ibid., paras. 91–93).

17. Concerning the reduced requirements under military contingents for 2018/19, it is explained in the report of the Secretary-General that these are attributable mainly to a reduction in rations ($18.1 million) owing to: (a) the repatriation of 1,000 AMISOM military personnel by December 2017 and the repatriation of an additional 1,000 personnel by October 2018; (b) the delivery of rations by road and sea to AMISOM locations; and (c) the removal of air delivery from the rations contractor (ibid., para. 91). Upon enquiry, the Advisory Committee was informed that for the transportation of rations, the proposed reduction of $14.805 million under military contingents for 2018/19 is offset in part by an increase of $11.962 million in freight charges under other supplies and services for using a third-party contractor to transport rations, thus leading to a net reduction of $2.843 million in the transportation of rations.

Overexpenditures under the amended rations contract

18. The Advisory Committee has commented on significant increases under the amended rations contract for the financial periods 2015/16, 2016/17 and 2017/18 and the lack of clarity concerning the responsibilities of the rations contractor and UNSOS

in the delivery of rations, in particular air delivery (see A/71/836/Add.6, paras. 26–28). As noted in paragraph 5 above, the Committee therefore requested the Board of Auditors to conduct an audit in that regard. Upon enquiry, the Committee was informed by the Board that the Board had reviewed the contract with the rations contractor for the provision of food rations, bottled water and other services and equipment. The contract, which initially covered a period of three years (from September 2012 to September 2015) with a sum of $95.8 million (not to exceed), was extended up to March 2018 with an amount of $383.4 million (not to exceed) through eight amendments.

19. Upon repeated requests during its review of the proposed budget for 2018/19, the Advisory Committee received the following two tables from UNSOS with a breakdown of all rations-related approved resources and costs incurred, by component and by each of the three parties (UNSOS, the rations supplier and the third-party contractor), for the 2015/16 to 2017/18 periods, and proposed resources for the 2018/19 period. The Committee notes from the tables that UNSOS incurred overexpenditures of $40.2 million and $24.3 million for the transportation of rations for 2015/16 and 2016/17, respectively, under the amended rations contract (see para. 18 above). The Committee also notes from the tables that expenditures of a total of $19.2 million were incurred under the third-party contractor for three financial periods, while no budgetary provisions were made for that purpose. The Committee recalls that it was informed that prior to the amendment in 2015 (see A/71/836/Add.6, para. 26 (a)–(d)), all deliveries of rations had been carried out using aviation and surface assets of UNSOS (then the United Nations Support Office for the African Union Mission in Somalia) as well as a third-party logistics contract and that the amendment to the contract transferred primary responsibility for the delivery of rations (by ground, air and sea) to the contractor because the contractor had the facility, equipment, appropriate means of transport and trained personnel, while, were UNSOS to replicate these services by the rations contractor, UNSOS would require several additional rotary-wing aircraft, crews, aviation staff and other staff and equipment. However, it had been decided in October 2016, as a cost-saving measure, to revert to using a combination of UNSOS aircraft for air deliveries and the contractor's assets for sea and road deliveries. **While recognizing the challenging environment in which UNSOS operates and the operational needs, the Advisory Committee notes with concern the lack of cost and benefit analysis and transparency in the management of the rations contract, leading to a total overexpenditure of $64.5 million under the transportation of rations for 2015/16 and 2016/17. The Committee expects that lessons will be learned and applied in future management of all contracts by UNSOS and other peacekeeping missions.**

Breakdown by component of all rations-related approved resources and costs incurred for the 2015/16 to 2017/18 periods and proposed resources for the 2018/19 period

(United States dollars)

Rations components	*Approved budget* 2015/16	*Actual expenditure* 2015/16	*Approved budget* 2016/17	*Actual expenditure* 2016/17	*Approved budget* 2017/18	*Projected expenditure* 2017/18	*Proposed budget* 2018/19
Food rations (assorted)	44 561 421	26 851 204	43 316 851	53 406 387	44 445 880	42 958 719	42 059 990
Bottled water (potable) (litres)	393 156	–	393 405	7 120	402 036	–	376 051
Composite rations packs (reserve)	3 663 504	1 559 097	3 605 669	65 260	3 537 738	5 822 301	6 135 209
Warehousing	7 922 859	8 944 069	11 485 289	8 643 480	12 721 860	10 612 605	10 621 130
Transportation	8 804 600	48 993 142	19 577 808	43 897 266	24 635 395	15 709 649	21 760 553

Rations components	*Approved budget 2015/16*	*Actual expenditure 2015/16*	*Approved budget 2016/17*	*Actual expenditure 2016/17*	*Approved budget 2017/18*	*Projected expenditure 2017/18*	*Proposed budget 2018/19*
Refrigeration	1 156 809	1 663 203	5 629 185	4 373 445	5 629 186	5 656 168	5 435 693
Mobilization	–	6 391 002	–	–	–	–	–
Total	**66 502 348**	**94 401 717**	**84 008 206**	**110 392 958**	**91 372 095**	**80 759 442**	**86 388 626**

Breakdown of approved resources and related costs of the three parties (UNSOS, the rations supplier and the third-party contractor) for the 2015/16 to 2017/18 periods and proposed resources for the 2018/19 period

(United States dollars)

Areas of responsibility	*Approved budget 2015/16*	*Actual expenditure 2015/16*	*Approved budget 2016/17*	*Actual expenditure 2016/17*	*Approved budget 2017/18*	*Projected expenditure 2017/18*	*Proposed budget 2018/19*
UNSOS							
Transportation[a]	–	–	–	–	–	–	–
Rations supplier							
Food rations (assorted)	48 618 080	28 410 301	47 315 924	53 478 767	48 385 654	48 781 020	48 571 250
Warehousing	7 922 859	8 944 069	11 485 289	8 643 480	12 721 860	10 612 605	10 621 130
Transportation	8 804 600	48 215 625	19 577 808	31 539 908	24 635 395	9 696 939	9 792 103
Refrigeration	1 156 809	1 663 203	5 629 185	4 373 445	5 629 186	5 656 168	5 435 693
Mobilization	–	6 391 002	–	–	–	–	–
Subtotal	**66 502 348**	**93 624 200**	**84 008 206**	**98 035 600**	**91 372 095**	**74 746 732**	**74 420 176**
Third-party contractor							
Transportation							
Air deliveries	–	705 307	–	12 307 730	–	5 373 818	10 046 400
Road deliveries	–	72 210	–	49 628	–	–	–
Sea deliveries	–	–	–	–	–	638 892	1 922 050
Subtotal	**–**	**777 517**	**–**	**12 357 358**	**–**	**6 012 710**	**11 968 450**
Total	**66 502 347.9**	**94 401 717**	**84 008 206**	**110 392 958**	**91 372 095**	**80 759 442**	**86 388 626**

[a] Where road delivery of rations is not possible, UNSOS tasks its fixed-wing aircraft and utility helicopters from the UNSOS fleet to deliver rations. The cost of flying hours is already factored in the total aviation fleet costs as part of the guaranteed flying hours.

20. Furthermore, the Advisory Committee was informed that the Board of Auditors had observed inadequate maintenance of composite ration packs at UNSOS following the review of the inventory reports for the financial period 2016/17. The Board noted that the available balance of the packs was enough to feed the troops for only 6 days rather than the 14 days required under the guidelines from samples reviewed for September and November 2016 and February 2017, while the packs available at the Mogadishu warehouse constituted only 36 per cent of those required for the troop strength on 25 June 2017. **The Advisory Committee is of the view that UNSOS must follow the relevant guidelines to ensure adequate maintenance of composite ration packs for the troops.**

21. **The Advisory Committee recommends approval of the Secretary-General's proposals for military and police personnel.**

2. Civilian personnel

Category	*Approved 2017/18*	*Proposed 2018/19*	*Variance*
Posts			
International staff	344	351	7
National Professional Officers	38	38	–
National General Service	151	151	–
Temporary positions[a]	–	–	–
United Nations Volunteers	20	20	–
Government-provided personnel	6	6	–
Total	**559**	**566**	**7**

[a] Funded under general temporary assistance

22. The proposed resources for civilian personnel for 2018/19 amount to $76,959,200, reflecting an increase of $16,838,800, or 28 per cent, compared with the appropriation for 2017/18. The Secretary-General indicates that the increase is attributable mainly to higher requirements owing to the application of lower vacancy rates for all categories of staff (see para. 23 below) and the proposed establishment of seven new posts (see paras. 25–27 below).

Vacancy rates

23. The proposal of the Secretary-General includes vacancy rates, set out in section II.D of the budget document (A/72/763), as follows: (a) international staff, 10 per cent proposed for the 2018/19 period, compared with 31 per cent approved for 2017/18; (b) national staff, 20 per cent for National Professional Officers and 10 per cent for national General Service staff proposed for 2018/19, compared with 33 per cent and 16 per cent, respectively, approved for 2017/18; (c) United Nations Volunteers, 2 per cent proposed for 2018/19, compared with 24 per cent approved for 2017/18; and (d) government-provided personnel, 2 per cent proposed for 2018/19, compared with 15 per cent approved for 2017/18. Upon enquiry, the Advisory Committee was informed that the vacancy rates experienced for the current period were significantly lower than what was projected owing to the increased recruitment efforts by UNSOS and that it was estimated that the vacancy rate would continue to improve for the 2018/19 period based on historical recruitment trends and current recruitment efforts and timelines. The Committee notes from the information provided to it that as at 31 January 2018, the actual average for the current period and actual vacancy rates were 13.4 per cent and 11.6 per cent for international staff, 26.3 per cent and 23.7 per cent for National Professional Officers and 14.6 per cent and 13.9 per cent for national General Service staff, respectively.

24. **While the Advisory Committee notes the efforts made by UNSOS to expedite recruitments, it reiterates that budgeted vacancy rates should be based, as much as possible, on actual vacancy rates (A/71/836/Add.6, para. 30). The Committee recommends that vacancy rates of 11.6 per cent for international staff, 23.7 per cent for National Professional Officers and 13.9 per cent for national General Service staff be applied to the estimates for 2018/19. Any related operational costs should be adjusted as appropriate.**

Recommendations on posts

25. A total of 566 civilian posts are proposed for 2018/19, comprising staffing changes, as follows (A/72/763, paras. 22, 40–46, 50, 51, 56–58 and 63):

(a) Establishment of 7 posts: 1 P-5 Special Assistant to the Assistant Secretary-General; 1 P-4 Programme Management Officer for the human rights due diligence policy; 5 Field Service posts (1 Security Training Officer and 4 Close Protection Officers) (see paras. 26–27 below);

(b) Reclassification of 3 posts from P-3 to P-4: Aviation Safety Officer, Administrative Officer and Logistics Officer (see para. 28 below);

(c) Reassignment of 1 D-1 post: Deputy Director of Mission Support to Chief of Operations and Resources Management;

(d) Redeployment of 183 posts and realignment of 208 posts, reflecting the proposed reorganization of the support structure of UNSOS in line with the harmonization of mission support structures in field missions (see paras. 29–30 below).

Establishment

26. With respect to the proposed establishment of the post of 1 P-4 Programme Management Officer for the human rights due diligence policy, the Advisory Committee was informed, upon enquiry, that as an integrated mission under the overall responsibility of the Special Representative of the Secretary-General for Somalia and Head of the United Nations Assistance Mission in Somalia (UNSOM), while UNSOM discharged the Mission's human rights monitoring and reporting mandate (a total of 25 posts, including monitoring the conduct of AMISOM and the Somali National Army to determine compliance), UNSOS had the obligation to comply with and implement the human rights due diligence policy by strengthening procedures to improve support, putting in place mitigation measures and securing and sharing relevant information with UNSOM and the human rights due diligence policy task force for determining compliance. Therefore, in view of the defined role for UNSOS, this post is again proposed mainly to address the changed circumstances in which the risk of violation of the human rights due diligence policy is higher (see General Assembly resolution 70/285, para. 5). **The Advisory Committee recommends approval of the establishment of the P-4 post of Programme Management Officer for the human rights due diligence policy and trusts that UNSOS will keep the post under review to ensure complementarity with the work undertaken by UNSOM.**

27. Concerning the proposed establishment of five Field Service posts, the Advisory Committee was informed that the need for one Security Training Officer was due to the decision made in December 2017 to move the mandatory United Nations security training for staff members travelling to Somalia from Nairobi to Mogadishu. This training, which was previously conducted by the United Nations Department of Safety and Security, now falls under the responsibility of UNSOS. The shift of training to Mogadishu will result in savings for UNSOS in the costs of staff travelling to Nairobi. As for the requirements for an additional four Close Protection Officers, the Committee was informed that there were three Principal Officers in UNSOM (1 Under-Secretary-General and 2 Assistant Secretaries-General) and the Assistant Secretary-General for UNSOS (since October 2016) and that the Close Protection Unit of UNSOM and UNSOS currently had a total of 26 posts budgeted by both UNSOM and UNSOS that were pooled to provide protection to the four Principal Officers, as well as to visiting senior officials or dignitaries. The additional four Close Protection Officers would ensure that two Principal Officers could be supported at the same time on separate

missions, while also covering the remaining Principal Officers within the United Nations camp. It was indicated to the Committee that with the established ratio of 12 Close Protection Officers per Principal Officer, the ideal complement of Close Protection Officers would be 48, while the complement of 30 was the minimum. **The Advisory Committee recommends approval of the establishment of the five Field Service posts (1 Security Training Officer and 4 Close Protection Officers).**

Reclassification

28. As regards the proposed reclassification of the post of Administrative Officer from the P-3 to the P-4 level (A/72/763, paras. 57–58), the Advisory Committee was informed, upon enquiry, that in accordance with the harmonization of mission support structures, the Chief of Operations and Resources Management would require administrative support at a higher level than what was currently available to the Deputy Director of Mission Support (see also para. 25 (c) above), as the Chief would undertake the management and coordination of three additional sections (human resources, field technology and sectors and regional offices). **The Advisory Committee is not convinced of the justification provided for the proposed upward reclassification of the post of Administrative Officer and therefore recommends against the proposed reclassification of the post from the P-3 to the P-4 level.**

Redeployments and realignments

29. The proposed redeployment of 183 posts and realignment of 208 posts are explained under section I.E of the budget proposal (A/72/763) and the proposed changes in relation to the reorganization of the Mission's support structure are illustrated in a diagram under paragraph 37 of the budget document. The Advisory Committee recalls that UNSOS has undergone a series of reorganizations in recent years: (a) for 2017/18, the Office proposed redeployments and reassignments of a total of 154 posts; and (b) the 2016/17 proposed budget reflected a comprehensive reorganization of the UNSOS organizational structure to align its functions and personnel in compliance with the global field support strategy and to launch the supply chain/service delivery model, with the establishment of 112 new posts and positions approved by the General Assembly (including 99 international staff), following a comprehensive staffing assessment undertaken during 2015/16 (see A/71/836/Add.6, paras. 31–35).

30. Upon enquiry as to the added value of the new mission structure, the Advisory Committee was informed that the adjustment of the mission support structure built on efforts initiated in 2014 to facilitate, among others, the performance of advisory, client-focused and oversight-focused roles of the Director of Mission Support and enhance mandate-enabling support from human resources, budget and finance and information and communications technologies and that it would support effective and efficient delivery of the mandate of UNSOS. **While the Advisory Committee has recognized the challenging environment in which UNSOS operates and the need of the Office to adjust to operational requirements (ibid., para. 35), it is of the view that the Office needs to stabilize and focus on its operations without continuous reorganizations of its structure. The Committee expects that UNSOS will provide information on the results of the reorganizations in the proposed budget for 2019/20.** The Committee's observations and recommendations on mission support structures are contained in its report on crosscutting issues related to peacekeeping operations (A/72/789).

31. **Subject to its recommendations in paragraphs 24 and 28 above, the Advisory Committee recommends the approval of the Secretary-General's proposals for civilian staff.**

3. Operational costs

(United States dollars)

	Apportioned 2017/18	*Proposed 2018/19*	*Variance*
Operational costs	350 536 300	326 014 800	(24 521 500)

32. The proposed resources for operational costs for 2018/19 amount to $326,014,800, reflecting a decrease of $24,521,500, or 7 per cent, compared with the appropriation for 2017/18. The Secretary-General proposes decreases under most classes of expenditure, including facilities and infrastructure ($9.5 million, or 9.1 per cent) (see paras. 38–41 below), ground transportation ($9 million, or 25.6 per cent), medical ($5.5 million, or 27.3 per cent), information and communications technology ($4.2 million, or 10.6 per cent), air operations ($2.6 million, or 3.3 per cent), consultants and consulting services ($0.7 million, or 33.4 per cent) and official travel ($0.4 million, or 19.1 per cent). The decreased requirements would be offset in part by increases under other supplies, services and equipment ($6.8 million, or 9.8 per cent) (see para. 34 below) and marine operations ($0.5 million, or 1,358.7 per cent) (see para. 17 above).

Redeployment and outsourcing to consultants, individual contractors and commercial contractors

33. The Board of Auditors reports that for the peacekeeping operations for the 2016/17 period, some expenditure classes under the operational costs exhibit clear trends concerning redeployment and that with regard to increases in the resources for consultants, most arose from UNSOS, where $1.2 million was redeployed, similar to the previous year (when $5.4 million was redeployed to hire an additional 55 consultants for 2015/16) (A/72/5 (Vol. II), chap. II, para. 69).

34. The proposed resources for consultants and consulting services amount to $1,356,500 for 2018/19, reflecting a decrease of $681,500, or 33.4 per cent, compared with the approved resources for 2017/18. It is indicated that the reduced requirements are attributable mainly to the UNSOS initiative to outsource most services and the consequent proposal of limited consultancy services for the 2018/19 period (A/72/763, para. 98). The Advisory Committee notes that an increase of $2.7 million, or 39.1 per cent, is proposed for other services under other supplies, services and equipment, which is attributable to the inclusion of outsourced services for transport operation services for drivers, equipment operators and labour, in addition to outsourcing warehousing services in Mogadishu, Mombasa and regional and sector hubs. Upon request, the Committee was provided with an update of the breakdown of outsourced services from the period 2016/17 to the period 2018/19 (see table below; see also A/70/742/Add.14, table 5).

(United States dollars)

	2016/17		*2017/18*		*2018/19*	*Variance*	
Category of outsourcing	*Approved*	*Actual expenditure*	*Approved*	*Estimated expenditure*	*Proposed*	*Amount*	*Percentage*
Consultants	2 456 700	3 633 800	2 038 000	1 092 300	1 356 500	(681 500)	(33.44)
Individual contractors	957 000	1 445 016	893 000	893 000	1 164 900	271 900	30.45
Commercial contractors:							
Information and communications technology	4 722 779	3 567 800	3 923 500	2 919 423	3 872 540	(50 960)	(1.30)

Categories of outsourcing	2016/17		2017/18		2018/19	Variance	
	Approved	Actual expenditure	Approved	Estimated expenditure	Proposed	Amount	Percentage
Project management services	2 800 000	2 577 394	500 000	600 000	–	(500 000)	(100.00)
Ground handling and airport services	2 403 360	2 352 500	1 247 100	1 790 250	2 745 900	1 498 800	120.18
Medical personnel for UNSOS level II hospital	2 494 908	2 383 100	2 869 140	1 635 455	943 692	(1 925 448)	(67.11)
Subtotal (commercial contractors)	**12 421 047**	**10 880 794**	**8 539 740**	**6 945 128**	**7 562 132**	**(977 608)**	**(11.45)**
Total outsourced services	**15 834 747**	**15 959 610**	**11 470 740**	**8 930 428**	**10 083 532**	**(1 387 208)**	**(12.09)**

35. Upon request for additional information concerning the use of consultants, individual contractors and commercial contractors (see para. 5 above), the Advisory Committee was informed by the Board of Auditors that on the use of consultants and individual contractors and with reference to administrative instruction ST/AI/2013/4, the Board had observed, inter alia, that: (a) in 22 personal files, there was no evidence of vacancy announcements or application forms; and (b) one retired staff member was re-engaged without clearance from the Office of Human Resources Management as required. Concerning the personnel contracted by third parties, the Board has noted the following issues: (a) while the related purchase orders issued amounted to 15.5 million Kenyan shillings and $399.4 million, the contracts with the third parties amounted to 26 million Kenyan shillings and $415.1 million, respectively; (b) the vendor is entitled to a management fee of 14 per cent of a consultant's monthly salary for transactions with a total amount of $56.7 million (not to exceed) relating to the provision of skilled manpower services in high-risk areas in Somalia; and (c) the procurement transactions with a total cost of $2.55 million in which the vendor provided 55 personnel whereas the contract had a provision for 14 personnel. The Board indicates that these issues concerning the personnel contracted by third parties have not been fully resolved with management and have therefore remained as an open audit observation.

36. Upon enquiry, the Advisory Committee was informed that UNSOS was in the process of contracting some non-core support activities for warehouse operations in Somalia and, to a minor extent, in Kenya. While those functions were currently performed by a mixed workforce, the intention was to consolidate all of them under a single third-party service provider to allow for the levelling of the available workforce and multitasking of teams, with the anticipation of an improved client service in terms of responsiveness and reliability. The Advisory Committee recalls that it was informed during its consideration of the proposed budget for 2016/17 that UNSOS outsourced costs included consultants, individual contractors and commercial vendors, and that UNSOS had developed a strategy for outsourcing a variety of activities that were considered non-core functions and that the strategy foresaw that these functions were undertaken initially by consultants and would be outsourced to commercial contractors within 18 to 24 months (A/70/742/Add.14, paras. 54–57 and table 5).

37. **The Advisory Committee stresses that the Board of Auditors has made a general recommendation on the need for the administration to implement the tools necessary for a competitive selection process of consultants and individual contractors (A/72/5 (Vol. II), chap. II, para. 301. The Committee shares the view of the Board that UNSOS should perform a cost-benefit analysis between the existing capacity of staff and contracting personnel through third parties so as**

to assess the requirements, and provide clear justifications for the process in place for covering the functions contracted through third parties. The Committee recommends that the General Assembly request UNSOS to provide information on its progress on outsourcing services and contract management (see para. 35 above), including the improved effectiveness and efficiencies, in the proposed budget for 2019/20.

Facilities and infrastructure

38. The overall reductions proposed under facilities and infrastructure for 2018/19 reflect decreased requirements for construction and maintenance services, offset in part by increased requirements under: (a) security services ($6.1 million, or 120.5 per cent) owing to an increase in the new contract rates and higher number of armed security guards of 300 for 2018/19, compared with 174 for 2017/18; (b) generators and electrical equipment ($1.1 million) and acquisition of water treatment and fuel distribution equipment ($0.8 million); and (c) petrol, oil and lubricants ($0.8 million) (A/72/763, para. 100). **The Advisory Committee notes the lack of detailed explanation for the proposed increase of $6.1 million for security services, in particular the higher rates of the new security contract. The Committee trusts that information in this regard will be provided to the General Assembly at the time of its consideration of the proposed budget for 2018/19.**

39. With respect to the increases under generators and pumps, the Advisory Committee was informed, upon enquiry, that the proposed requirements for 2018/19 included: (a) an additional 10 generators (20 kVA) for the additional boreholes to be drilled in the sectors and the replacement of 20 generators (8 x 750 kVA and 12 x 500 kVA) beyond repair; and (b) planned procurement of 20 pumps to be installed in the new boreholes to be established during 2018/19 and replacement of 40 pumps (UNSOS currently has 60 boreholes). The Committee was also informed that, while the expenditure under generators and electrical equipment amounted to $0.9 million as at 31 January 2018, another purchase order of $1.8 million had been issued in February 2018, bringing the total expenditure under this budget line to $2.7 million, and that the balance of $0.2 million would be spent by the end of the current financial period. **The Advisory Committee notes that the information provided for the requirements for generators and pumps is not clear and consistent. It is of the view that UNSOS should have better explained its requirements, reflecting details on the number of generators and pumps required for the total of existing and new boreholes and its annual replacement plan. The Committee is therefore not convinced of the proposed increases of $1.1 million and $0.8 million relating to generators and pumps, among others, and recommends a 50 per cent reduction to the proposed increases (a reduction of $0.95 million under facilities and infrastructure and related reduction of $0.14 million in freight costs for 2018/19).**

Fuel management

40. The Board of Auditors has observed that UNSOS does not have adequately strengthened controls, nor does it take appropriate and timely disciplinary action regarding non-compliance. The Board has found that: (a) only 72 per cent of fuel consumption reports by contingents were received for 2016/17; (b) the Office did not analyse fuel consumption as required; (c) 464 fuel-consuming equipment items had no functioning odometers and the consumption rate of the equipment was not documented; and (d) in July 2017, a total of 7,218 litres of diesel intended for generator use was stolen from a UNSOS power house (A/72/5 (Vol. II), chap. II, paras. 362–368).

41. Upon enquiry, the Advisory Committee was informed that UNSOS had taken a number of remedial actions and applied control mechanisms. The Office had installed

tamper-resistant fuel tanks at 17 locations, and the installation at 7 more locations would be completed by June 2018. UNSOS would also develop two synchronized large power houses at the Mogadishu International Airport, which would provide more efficient power and reduce facilities that needed securing and monitoring by closing many smaller power houses. Another measure was working with AMISOM to implement a mechanism launched in November 2017, to ensure that fuel was not provided on the basis of requests, but on existing equipment composition and historical usage (such as vehicle mileage and actual power production). Furthermore, the deployment of the electronic fuel management system would further improve visibility over fuel consumption across UNSOS. However, the Committee was also informed that progress in the deployment of the electronic fuel management system had been slower than anticipated owing to challenges in adopting the system within the volatile security environment. The system was launched in Mogadishu in December 2017 and has subsequently been implemented in three sector hubs and the Mombasa Logistics Base, while in the remaining two sectors, fuel is monitored through bulk distribution pending the implementation of the system. **The Advisory Committee trusts that UNSOS will finalize the deployment of the electronic fuel management system as soon as possible and implement the recommendations of the Board of Auditors expeditiously.**

Marine operations

42. With respect to the proposed increase under marine operations ($0.5 million, or 1,358.7 per cent), it is indicated that the increased requirements are attributable mainly to the planned replacement of five vessels owing to wear and tear (A/72/763, para. 103). Upon enquiry, the Advisory Committee was informed that, of the 10 boats for close-to-shore security patrolling, 6 boats were in operation while 4 boats had been identified for write-off. The boats had been procured in May 2015 for an average price of $52,000 per boat and the estimated cost for the five new boats amounted to $98,000 per boat. **The Advisory Committee notes the significant increase in the average cost for one boat planned for 2018/19. The Committee trusts that more information will be provided to the General Assembly at the time of its consideration of the proposed budget for 2018/19.**

Medical

43. The proposed provision of $14.7 million for 2018/19 under medical reflects a reduction of $5.5 million, or 27.3 per cent, attributable mainly to: (a) reduced requirements for drugs and consumables ($2.6 million); (b) lower contract prices ($2 million) for aeromedical evacuation; and (c) no planned acquisition of medical equipment ($0.9 million).

44. The Advisory Committee notes a few issues under medical. First, concerning the procurement of medical equipment and drugs, the Board of Auditors has observed that for 2015/16, UNSOS procured: (a) medical supplies worth $145,411.70 that had not been on the monthly list of items requested by AMISOM; and (b) drugs worth a total value of $460,000 that were not on its list of required drugs, which remained unused and expired in July 2016 (A/72/5 (Vol. II), chap. II, para. 176). Secondly, on the lower contract prices ($2 million) for aeromedical evacuation, while the Committee questioned the proposed increase of $4.9 million for the aeromedical evacuation contract for 2017/18 (see A/71/836/Add.6, para. 62), it is not clear whether the lower contract prices for 2018/19 have been achieved through renegotiation or a reduced level of services. Furthermore, the incorrect and inconsistent recording of medical services for the three financial periods from 2014/15 to 2016/17 has rendered a proper comparison and analysis difficult at this stage (ibid., para. 61). **The Advisory Committee expects that UNSOS will implement the recommendations of the**

Board of Auditors and strengthen internal control, accountability and management of procurement processes (see also para. 6 above).

45. **Subject to its recommendations contained in paragraphs 24 and 39 above, the Advisory Committee recommends approval of the Secretary-General's proposals for operational costs.**

4. Other matters

Environmental management

46. The Advisory Committee notes that, further to the deficiencies in environmental management previously observed by the Board of Auditors (A/71/836/Add.6, para. 8 (d)), the Board has found that, irrespective of the requirements set out in the Environmental Policy for United Nations Field Missions and the specific environmental policy for UNSOS, UNSOM and support to AMISOM, UNSOS did not establish any procedures for monitoring environmental activities and operations across various units and sections, pillars and stakeholders (such as contingents and UNSOM). Moreover, reports on environmental issues were neither submitted nor requested. The Board also noted that the UNSOS environmental policy was partly outdated and did not define the roles of the Somali National Army and the Assistant Secretary-General (A/72/5 (Vol. II), chap. II, paras. 436–437). The Board recommends that the Administration ensure that administrative stipulations are adhered to and that this concerns the definition of roles and reporting requirements at UNSOS (ibid., paras. 440–441). UNSOS has accepted the recommendation.

47. Upon enquiry, the Advisory Committee was informed that with regard to roles and reporting requirements for environmental activities, UNSOS had prepared a template for reporting by all sections on activities with significant environmental impact and that the information collected would inform all stakeholders during the quarterly environmental management meetings. In addition, the Office's environmental policy was being updated to accurately reflect the current organizational structure. In terms of the environmental plan, the mission-wide environmental action plan for the 2017/18 period had been completed and submitted to the Department of Field Support in August 2017, covering all five areas of the Department of Field Support environment strategy: energy, water and wastewater, waste, wider impact and the environmental management system. **The Advisory Committee recommends that the General Assembly request UNSOS to implement the recommendations of the Board of Auditors fully. The Committee reiterates that UNSOS should implement General Assembly resolutions 69/307 and 70/286 to reduce its overall environmental footprint (A/71/836/Add.6, para. 67).**

Mine detection and mine-clearing services

48. It is indicated that UNSOS, through the Mine Action Service, will continue to provide to AMISOM specialized analysis, advice and knowledge, training and mentoring on explosive hazard threat mitigation through technical advisers and technical teams embedded within various AMISOM structures (A/72/763, para. 89). Upon enquiry, the Advisory Committee was informed that UNMAS supported AMISOM by enhancing the capability and competence of the AMISOM troop-contributing countries in countering the improvised explosive device threat and that the number of improvised explosive device incidents reported as targeting AMISOM had gradually increased from 114 incidents in 2015 and 141 incidents in 2016 to 203 incidents in 2017. The Committee was also informed that UNSOS was currently processing claims for the loss of AMISOM equipment due to hostile action valued at $12.8 million.

49. The Advisory Committee was further informed, upon enquiry, that the casualty numbers of the troops had been decreasing. From July 2017 to February 2018, UNMAS had trained 15,203 AMISOM troops, compared with 8,173 troops for 2016/17 and 495 troops for 2015/2016. The Committee was also provided the table below showing the annual budget allocations from 2015/16 to 2017/18 and the proposed allocations for 2018/19. The equipment distributed included metal detectors, magnetometers and accessories and various types of protective equipment.

Description	*2015/16*	*2016/17*	*2017/18*	*2018/19*
Personnel	6 340 698	5 284 773	5 998 434	6 065 713
Travel	602 557	807 011	695 010	695 010
Contracts	27 609 399	25 337 266	21 320 631	26 507 558
Equipment	2 709 801	4 892 122	8 661 627	3 459 728
Operating costs	1 878 589	497 691	679 822	627 515
United Nations Office for Project Services direct support cost (3%)	1 174 231	1 104 566	1 120 666	1 120 666
United Nations Office for Project Services management fee (5%)	2 015 764	1 896 171	1 923 810	1 923 810
Total	**42 331 039**	**39 819 600**	**40 400 000**	**40 400 000**

50. With respect to the status of the transport enabling units and the roles they are expected to play, the Advisory Committee recalls that it was informed that given that the Security Council welcomed the mission enabling units concept for securing the main supply routes, an enlargement in explosive hazard management capability was required (A/70/742/Add.14, para. 63). The Committee was informed that the mission enabling units were mission-configured logistics units, which were commanded and controlled at the AMISOM force headquarters level. The equipment for the units was sourced from available vehicles in the UNSOS inventory, new United Nations acquisitions and 49 pieces of equipment donated by a Member State under a memorandum of understanding. The units were still in the developmental stage and would be fully deployed upon the arrival of additional equipment, including armoured personnel carriers. While the units in sectors 1 and 5 had been partially operational for two years, supporting logistics movements along the main supply routes in the two sectors, once the units became operational in other sectors with the deployment of the additional equipment, UNSOS would be in a better position to determine the full effectiveness of the units based on the security situation.

V. Conclusion

51. The actions to be taken by the General Assembly with respect to the financing of UNSOS for the period from 1 July 2016 to 30 June 2017 are indicated in section V of the performance report (A/72/650). **The Advisory Committee recommends that the unencumbered balance of $4,070,100 for the period from 1 July 2016 to 30 June 2017, as well as other income/adjustments amounting to $12,488,300 for the period ended 30 June 2017, be credited to Member States.**

52. The actions to be taken by the General Assembly with respect to the financing of UNSOS for the period from 1 July 2018 to 30 June 2019 are indicated in section IV of the proposed budget (A/72/763). **Taking into account its recommendations in paragraphs 24, 28 and 39 above, the Advisory Committee recommends that the proposed resources be reduced by $2,591,700 from $568,744,000 to $566,152,300.**

Accordingly, the Committee recommends that the General Assembly appropriate the amount of $566,152,300 for the maintenance of UNSOS for the 12-month period from 1 July 2018 to 30 June 2019.

Documentation

- Report of the Secretary-General on the budget performance of the United Nations Support Office in Somalia for the period from 1 July 2016 to 30 June 2017 (A/72/650)
- Report of the Secretary-General on the budget for the United Nations Support Office in Somalia for the period from 1 July 2018 to 30 June 2019 (A/72/763)
- Report of the Board of Auditors on United Nations peacekeeping operations for the 12-month period from 1 July 2016 to 30 June 2017 (A/72/5 (Vol. II), chap. II)
- Report of the Secretary-General on the implementation of the recommendations of the Board of Auditors concerning United Nations peacekeeping operations for the financial period ended 30 June 2017 (A/72/756)
- Report of the Secretary-General on the overview of the financing of United Nations peacekeeping operations: budget performance for the period from 1 July 2016 to 30 June 2017 and budget for the period from 1 July 2018 to 30 June 2019 (A/72/770)
- Report of the Advisory Committee on Administrative and Budgetary Questions on the budget performance for the period from 1 July 2015 to 30 June 2016 for the United Nations Support Office for the African Union Mission in Somalia and proposed budget for the period from 1 July 2017 to 30 June 2018 of the United Nations Support Office in Somalia (A/71/836/Add.6)
- General Assembly resolutions 70/285 and 71/311 on the financing of the activities arising from Security Council resolution 1863 (2009)
- Security Council resolutions 1863 (2009) and 2372 (2017)